

VZCZCXYZ0013
RR RUEHWEB

DE RUEHUL #2539/01 2340811
ZNY CCCCC ZZH
R 220811Z AUG 07
FM AMEMBASSY SEOUL
TO RUEHC/SECSTATE WASHDC 6171
INFO RUEHB/AMEMBASSY BEIJING 3025
RUEHKO/AMEMBASSY TOKYO 3153
RHHMUNA/CDR USPACOM HONOLULU HI
RUALSFJ/COMUSJAPAN YOKOTA AB JA
RHMFSS/COMUSKOREA J2 SEOUL KOR
RHMFSS/COMUSKOREA J5 SEOUL KOR
RHMFSS/COMUSKOREA SCJS SEOUL KOR
RHEHNSC/NSC WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC//OSD/ISA/EAP//

C O N F I D E N T I A L SEOUL 002539

SIPDIS

SIPDIS

E.O. 12958: DECL: 12/10/2014

TAGS: [KN](#) [KS](#) [PGOV](#) [PREL](#) [PINR](#)

SUBJECT: GNP CANDIDATE LEE MYUNG-BAK TAKES AIM TOWARD DECEMBER

REF: A. SEOUL 331

- [¶B.](#) 1418
- [¶C.](#) 1670
- [¶D.](#) 1686
- [¶E.](#) 1711
- [¶F.](#) 4014

Classified By: POL Joseph Y. Yun. Reasons 1.4 (b,d).

¶1. (C) SUMMARY: Former Seoul Mayor Lee Myung-bak won a narrow victory in the Grand National Party (GNP) primary and is well positioned to become the next ROK President. Based on his public statements and on conversations with his key advisors, important elements of Lee's campaign for the December 19 presidential election include:

-- Conservative foreign policy goals, including less engagement on North Korea and stronger alliance with the United States, compared with the current government.

-- Ambitious domestic economic policies, such as the "747" initiative, providing 7 percent GDP growth, USD 40,000 per capita GDP, and Korea as the world's 7th largest economy.

¶2. (C) Lee's experience as Seoul Mayor from 2002 to 2006 earned him the nickname "Bulldozer" for his ability to get tough projects done, and his rags-to-riches life story makes him popular among South Koreans. His supporters are quite convinced that Lee's "can-do" spirit can work for the nation too. Lee will wage a formidable campaign, but a big question mark remains over the allegations that his wealth was ill-gotten. Ruling camp candidates are boasting that they can easily bring down Lee. Perhaps. For now, however, that looks like empty words, because Lee's support base is looking increasingly impressive. END SUMMARY.

¶3. (C) Lee Myung-bak was declared the GNP presidential candidate on August 20, eking out a narrow victory over Park Geun-hye. Lee is now the clear front runner in the presidential sweepstakes. In an August 21 Joongang Ilbo poll, Lee received 53 percent support, an enormous 44 percent ahead of second place UNDP hopeful Sohn Hak-kyu. Of course, the gap is exaggerated, because the ruling camp has yet to choose its nominee. Still, as Lee is widely perceived as the candidate to restore economic growth, he will continue to command impressive support. Also helpful was Park Geun-hye's immediate acceptance of defeat and her promise to work toward Lee's victory in December.

MB - THE MAN, THE MYTH, THE PRESIDENT?

¶4. (SBU) GNP Candidate Lee Myung-bak's has been a witness to the major developments of Korea's turbulent modern history. Born in Japan in 1941, he moved back to Korea after national liberation. During the Korean War, two of his siblings were accidentally killed by U.S. shelling in Pohang, a sleepy fishing town at the time, but now an industrial center, home to POSCO, among the world's largest integrated steel mill. Lee's involvement in pro-democracy protests as Korea University student body president led to a six-month stint in prison. Part of Hyundai Group from its nascent stage, Lee was known as a tough business executive, much admired for his ability to win construction contracts and then finish them on time. Lee often boasted that the late Hyundai founder, Chung Ju-yung, was completely dependent on him. Chung Ju-yung sought the presidency in 1992, quite convinced that the time was ripe for a proven business leader to win the Blue House. Now his former employee is doing the same.

¶5. (U) Lee's family was extremely poor, even by the post-war standard, and Lee often cites "poverty," "his mother," and "positive forces" as factors that have made him what he is today. Fifth out of seven children born to a poor herdsman, Lee had to work from his youngest years and through college in order to pay for his studies. After joining the Hyundai Construction Company in 1965, he became President at 35 and Chairman at 46, and served as CEO from 1976-1992, spawning the "myth of the salaryman." Lee entered politics in 1992 on a proportional representation ticket for the then-ruling New Korea Party.

¶6. (U) As Seoul Mayor from 2002 to 2006, Lee initiated and oversaw a number of ambitious projects, key among which was the environmental recovery of Cheonggye Stream, which had been severely polluted and covered by a highway until 2005; the construction of a grassy plaza in front of Seoul City Hall; the streamlining of the bus system and opening of the Seoul Forest. These projects -- especially Cheonggye Stream -- continue to be popular with Seoul's citizens and helped Lee establish a reputation as an environmentally conscious leader dedicated to improving the quality of life for Seoul citizens. He also received plaudits for slashing through dense bureaucratic and political hurdles to accomplish his goals, which showed business skills could be transferred to the public sector. As Mayor, he also earned the nickname "Bulldozer Lee" for his accomplishments and fondness for grand construction projects. More importantly, his popularity in Seoul led to over a 5,000 vote margin among Seoul delegates.

Foreign Policy

¶7. (SBU) The "MB Doctrine" is Lee's foreign policy package, somewhat vague, but clearly indicates conservative credentials. The MB Doctrine comprises the following elements:

-- Overall Foreign Policy. Lee argues that his foreign policy will be based on national interests, not ideologies. This is an indirect criticism of the Roh administration, which, conservatives have labeled as soft on North Korea and not sufficiently supportive of the ROK-U.S. alliance.

-- North Korea. Lee promises to pursue a strategic policy that fosters the complete nuclear dismantlement and a genuine opening of North Korea. If North Korea dismantles its nuclear weapons and opens its society, South Korea will help the North attain a per capita income of USD 3,000 within ten years. On August 21 Lee criticized the planned October 2-4 North South Summit saying that a summit before denuclearization would in fact recognize the DPRK's nuclear programs. Korea University Professor Hyun In-tae, Lee's

lead foreign policy advisor, told poloff Lee had been skeptical of the summit but had not opposed it originally. With the change in dates and irresponsible approach by the Roh government, Lee decided he should state his concerns more clearly. Lee also stated that the summit should be handled by the next administration.

Policy Toward the U.S.

¶ 8. (C) In an interview soon after he was named the GNP candidate, Lee said, "Once I am president, I will work to recover the traditional U.S.-ROK relationship." He went on to explain that the Alliance would contribute to stability and prosperity in Northeast Asia. He continued to say, "there would be many areas where the U.S. and Korea can be mutually beneficial, while securing their respective national interest. I believe it would be desirable to maintain a solid U.S.-ROK relationship until and beyond the Korean unification." One of his key security advisors, Yonsei Professor Kim Woo-sang, told poloff this U.S. focused policy has been a key tenet since "day one of the campaign."

¶ 9. (C) One of Lee's elder brothers, Vice Speaker of the National Assembly Lee Sang-deuk, has frequently made direct pitches for a roll-back or delay of the wartime OPCON transfer agreement. Press reports indicate Candidate Lee hopes to renegotiate the OPCON transfer. Professor Kim told poloff that Lee supported OPCON transfer but would push for a renegotiation of the timeline. Kim emphasized this would not involve a full renegotiation, but rather a reassessment based on Korea's capabilities.

Domestic Policies

¶ 10. (SBU) Lee's domestic policy centers around his "747 policy," which would provide a 7 percent annual growth rate, double Korea's per capita GDP to USD 40,000, and enable Korea to become the 7th largest economy within ten years. Multiple advisors privately note that these are simply economic goals and admit that Lee himself knows that they are not realistic. Lately, his oft-touted canal project has been out of the spotlight, but he and his staff emphasize the canal project is at the heart of the "747 plan." Lee has told press that the amount of materials to be transported in Korea will double (20 million tons), and the number of containers triple (47 million TEU), by 2020. Currently, road transport accounts for 90 percent of total transportation (as of 2004), and the low-cost, eco-friendly benefits of the canal project would far outweigh that of building a new road infrastructure. Former Finance Vice-Minister Kang Man-soo told poloff that the canal, when realized, could account for 15-20 percent of the logistics load in Korea. Claiming that high logistics and distribution costs have been a heavy burden on the national economy, Lee argues the canal project will cut costs significantly and improve economic efficiency. However, the canal project has been vigorously attacked by all presidential contenders as well as by President Roh. Many analysts believe the canal is one campaign promise that has little chance of being carried out.

¶ 11. (SBU) Another Lee idea to boost Korea's economy is the International Science & Business City (ISBC) project, which he says would add significant value to Korea's academic standing and high-tech industries. Lee proposes to create a city where creative minds and experts in science, art, culture and related industries would come together and produce a synergy between basic and applied sciences in a high-tech, futuristic setting. Lee says he would like to emulate a research lab such as the Brookhaven National Laboratory of the U.S. or the Max Plank Institute of Germany, to put at the center of the science/business city. The city project is planned on the border between North and South Choongchung Provinces, a key electoral district that has been

termed the "New Hampshire of Korea" because in all four free presidential elections, the candidate North Choongchung Province chose has won the presidency.

POTENTIAL ROADBLOCKS

¶12. (C) Lee has had a checkered career. In 1999, he was forced to resign from the National Assembly after being convicted of campaign finance violations. During the just concluded primary, he was hounded by several allegations, mostly having to do with shady financial and real estate dealings. Lee's detractors claim that he has amassed some USD 800 million in wealth. During the GNP primary, Park Geun-hye said that Lee should withdraw from the race because he was not fit to be elected. Now the ruling camp is insisting that the allegations and revelations of Lee's past that took place during the GNP primary was just a "warming up act." Former Prime Minister Lee Hae-chan, one of the ruling camp candidates, told journalists recently that he could destroy Lee in ten minutes of one-on-one debate. Certainly, rumors are rife that the ROK prosecutors have solid evidence of Lee's illegal land holdings.

COMMENT

¶13. (C) Despite these allegations, Lee is very popular, because he continues to emphasize the economy, clearly the number one issue among Korean voters. Most Koreans, in fact, believe that Lee's wealth was amassed illicitly, but they seem prepared to ignore it, hoping that Lee's magic at Hyundai and in Seoul City is transferable to the nation. For now at least, the "Bulldozer" looks tough to stop.

VERSHBOW